EUCON HOLDING LIMITED

Quarterly Financial Statement And Dividend Announcement

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	6 months ended		Fav/	3 months ended		Fav/
	30/6/2009	30/6/2008	(Unfav)	30/6/2009	30/6/2008	(Unfav)
	$'000	$'000	%	$'000	$'000	%
Revenue	**30,035**	**64,785**	(54)	**18,824**	**37,845**	(50)
Cost of sales	(33,487)	(54,636)	39	(19,272)	(31,548)	39
Gross (loss) profit	**(3,452)**	**10,149**	NM	**(448)**	**6,297**	NM
Gross margin	*-11.5%*	*15.7%*		*-2.4%*	*16.6%*	
Other income (including Interest Income)	586	559	5	255	1,199	(79)
Administrative expenses	(5,056)	(5,122)	1	(3,208)	(2,444)	(31)
Distribution costs	(1,093)	(2,336)	53	(712)	(1,264)	44
Other expenses	(31)	(13)	(138)	(960)	(2)	NM
Finance costs	(1,903)	(2,268)	16	(976)	(1,101)	11
(Loss) profit before income tax	**(10,949)**	**969**	NM	**(6,049)**	**2,685**	NM
Income tax expense	-	(434)	100	-	(295)	100
Net (loss) profit for the period	**(10,949)**	**535**	NM	**(6,049)**	**2,390**	NM
Attributable to:						
Equity holders of the parent	(10,480)	643	NM	(5,798)	2,240	NM
Minority interest	(469)	(108)	(334)	(251)	150	NM
	(10,949)	**535**	NM	**(6,049)**	**2,390**	NM
Statement of comprehensive Income						
Net (loss) profit for the period	(10,949)	535	NM	(6,049)	2,390	NM
Other comprehensive income:						
Foreign currency translation	1,028	367	180	(3,219)	395	NM
Cash flow hedge	(77)	(55)	(39)	81	405	(80)
Other comprehensive income for the period	**952**	**312**	205	**(3,137)**	**800**	NM
Total comprehensive income for the period	**(9,997)**	**847**	NM	**(9,186)**	**3,190**	NM
Total comprehensive income attributable to:						
Equity holders of the parent	(9,640)	925	NM	(8,488)	2,949	NM
Minority interest	(357)	(78)	(358)	(698)	241	NM
	(9,997)	**847**	NM	**(9,186)**	**3,190**	NM
NM: Not meaningful						
Net profit for the period as a percentage of revenue	-36.5%	0.8%		-32.1%	6.3%	
Profit before income tax is arrived at after charging (crediting) the following:						
Allowance for doubtful receivables	863	-		863	-	
Depreciation of property, plant and equipment	10,410	9,837		5,102	5,152	
Amortisation of land use rights	50	45		28	23	
Foreign exchange (gain) loss	(170)	(325)		940	(1,055)	
Fair value loss (gain) on derivative financial instrument	75	(2)		(117)	(6)	
Fixed assets written off	-	16		-	-	
Gain on disposal of property, plant and equipment	(2)	(3)		(21)	(3)	
Interest income	(36)	(162)		(17)	(79)	
Interest expense	1,903	2,268		976	1,101	

1(b)(i) **A balance sheet (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year.**

Statement of Financial Position

	Group		Company	
	As at 30/6/2009	As at 31/12/2008	As at 30/6/2009	As at 31/12/2008
	$'000	$'000	$'000	$'000
Current assets				
Cash and bank balances	15,170	23,152	-	1,463
Pledged bank deposits	3,223	1,007	-	-
Trade receivables	24,986	35,356	-	-
Other receivables and prepayments	1,435	824	3,295	4,464
Land use rights	98	97	-	-
Inventories	7,300	6,839	-	-
Total current assets	52,212	67,275	3,295	5,927
Non-current assets				
Investment in subsidiaries	-	-	63,887	63,257
Land use rights	4,539	4,543	-	-
Property, plant and equipment	117,787	125,861	824	835
Other receivables	1,082	1,346	-	-
Goodwill	2,226	2,226	-	-
Deferred tax asset	1,105	1,097	-	-
Total non-current assets	126,739	135,073	64,711	64,092
Total assets	**178,951**	**202,348**	**68,006**	**70,019**
Current liabilities				
Trade payables	21,163	26,629	-	-
Other payables	10,463	8,844	7,837	7,949
Income tax payable	38	103	-	-
Short-term bank loans	28,350	32,213	3,818	4,527
Current portion of long-term bank loans	3,070	5,371	59	59
Current portion of finance leases	4,305	5,047	981	1,231
Current portion of notes payable	5,559	6,358	4,818	5,184
Due to shareholders	10,612	8,913	10,612	8,913
Financial Derivative	1,114	595	753	-
Total current liabilities	84,674	94,073	28,878	27,863
Non-current liabilities				
Long-term bank loans	8,439	8,605	247	276
Finance leases	1,431	3,104	261	631
Notes payable	3,274	4,992	3,214	4,570
Financial derivative	-	444	-	444
Total non-current liabilities	13,144	17,145	3,722	5,921
Capital, reserves and minority interests				
Share capital	56,127	56,127	56,127	56,127
Reserves	19,109	28,749	(20,721)	(19,892)
Equity attributable to equity holders of the company	75,236	84,876	35,406	36,235
Minority interest	5,897	6,254	-	-
Total equity	81,133	91,130	35,406	36,235
Total liabilities and equity	**178,951**	**202,348**	**68,006**	**70,019**

1(b)(ii) **Aggregate amount of the group's borrowings and debt securities**

Amount repayable in one year or less, or on demand

As at 30/6/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
35,725	5,559	42,631	6,358

The amount repayable after one year

As at 30/6/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
9,870	3,274	11,709	4,992

Details of any collaterals
NA

1 (c) **Statement of Cash Flow for period ended 30 June**

	Group		Group	
	6 months ended		3 months ended	
	30/6/2009	30/6/2008	30/6/2009	30/6/2008
	$'000	$'000	$'000	$'000
Operating Activities:				
(Loss) Profit before Income Tax:	(10,949)	969	(6,049)	2,685
Adjustments for:-				
Depreciation of property, plant and equipment	10,410	9,837	5,102	5,152
Allowance for doubtful receivables	863	-	863	-
Amortisation of land use rights	50	45	28	22
Fair value loss (gain) on derivative financial instrument	75	(2)	(117)	(6)
Fixed assets written off	-	16	-	-
Interest income	(36)	(162)	(17)	(79)
Interest expense	1,903	2,268	976	1,101
Net foreign exchange (gains) / losses	(526)	211	2,155	(9)
Gain on disposal of property, plant and equipment	(2)	(3)	(21)	(3)
Operating profit before working capital changes	1,788	13,179	2,920	8,863
Changes in working capital:-				
Trade receivables	9,507	(1,933)	(5,695)	(15,911)
Other receivables and prepayments	(347)	611	134	778
Inventories	(461)	(2,446)	67	(880)
Trade payables	(5,466)	8,426	1,077	10,733
Other payables	1,619	1,679	(7)	5,369
Cash generated from operations	6,640	19,516	(1,504)	8,952
Net interest paid	(1,867)	(2,106)	(959)	(1,022)
Income tax paid	(73)	(695)	34	(157)
Cash flows from operating activities	**4,700**	**16,715**	**(2,429)**	**7,773**
Investing Activities:				
Purchase of plant and equipment	(1,099)	(10,664)	(1,081)	(10,383)
Proceeds on disposal of plant and equipment	28	5	28	5
Cash flows used in investing activities	**(1,071)**	**(10,659)**	**(1,053)**	**(10,378)**
Financing Activities:				
(Increase) Decrease in cash subjected to restriction	(2,216)	339	(396)	(378)
(Decrease) Increase in bank loans	(6,330)	(3,430)	578	5,244
Decrease in notes payable	(2,517)	(2,817)	(976)	(3,636)
Due to shareholders	1,699	125	1,064	62
Repayment of finance lease obligations	(2,415)	(2,936)	(1,368)	(1,577)
Cash flows used in financing activities	**(11,779)**	**(8,719)**	**(1,098)**	**(285)**
Net decrease in cash and bank balances	**(8,150)**	**(2,663)**	**(4,580)**	**(2,890)**
Cash and bank balances at beginning of period	23,152	20,983	20,116	21,096
Effect of exchange rate changes on the balances of cash held in foreign currencies	168	(486)	(366)	(372)
Cash and bank balances at end of period	**15,170**	**17,834**	**15,170**	**17,834**

Bank deposits pledged as security amounting to S$3,223,000 (30 June 2008: S$5,769,000) has been netted off against cash.

1(d)(i) **A statement for the issuer and the group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Statement of Changes in Equity for the financial period ended 30 June

	Share capital $'000	Currency translation reserves $'000	Hedging reserves $'000	Statutory reserves $'000	Accumulated profits (losses) $'000	Total attributable to equity holders of the company $'000	Minority interests $'000	Total $'000
Group								
At 1 April 2008	56,127	(6,305)	(1,462)	5,242	37,245	**90,847**	6,119	**96,966**
Total comprehensive income	-	304	405	(1)	2,241	2,949	241	3,190
At 30 June 2008	**56,127**	**(6,001)**	**(1,057)**	**5,241**	**39,486**	**93,796**	**6,360**	**100,156**
At 1 April 2009	56,127	(435)	(602)	5,681	22,953	**83,724**	6,595	**90,319**
Total comprehensive income	-	(2,769)	81	(0)	(5,800)	**(8,488)**	(698)	**(9,186)**
At 30 June 2009	**56,127**	**(3,204)**	**(521)**	**5,681**	**17,153**	**75,236**	**5,897**	**81,133**
Company								
At 1 April 2008	56,127	(445)	(1,462)	-	18,237	**72,457**	-	**72,457**
Total comprehensive income	-	646	405	-	(1,029)	**22**	-	**22**
At 30 June 2008	**56,127**	**201**	**(1,057)**	**-**	**17,208**	**72,479**	**-**	**72,479**
At 1 April 2009	56,127	5,379	(602)	-	(22,841)	**38,063**	-	**38,063**
Total comprehensive income	-	(1,657)	81	-	(1,081)	**(2,657)**	-	**(2,657)**
At 30 June 2009	**56,127**	**3,722**	**(521)**	**-**	**(23,922)**	**35,406**	**-**	**35,406**

1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs,exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During 1 April 2009 to 30 June 2009, the Company did not issue any shares.

1(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 30/6/2009	As at 31/12/2008
The total number of issued shares excluding treasury shares	570,000	570,000

1(d)(iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

2. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Company has adopted the same accounting policies and methods of computation as compared to the most recent audited financial statements as at 31 December 2008.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and effect, of the change.**

Not applicable.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year after deducting any provision for preference dividends.**

	Group		Group	
	6 months ended		3 months ended	
	30/6/2009	30/6/2008	30/6/2009	30/6/2008
Earnings per ordinary share for the year based on net profit/(loss) for the period:				
(I) Based on the weighted average number of ordinary shares in issue (cts); and	(1.84)	0.11	(1.02)	0.39
Weighted average number of shares	570,000,000	570,000,000	570,000,000	570,000,000
(ii) On a fully diluted basis (cts)	(1.84)	0.11	(1.02)	0.39
Weighted average number of shares	570,000,000	570,000,000	570,000,000	570,000,000

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	As at 30/6/2009	As at 31/12/2008	As at 30/6/2009	As at 31/12/2008
Net asset value per ordinary share (cts)	12.81	14.50	6.21	6.36
Number of shares	570,000,000	570,000,000	570,000,000	570,000,000

8. **Review of the Group's performance**

Revenue

Group Revenue declined by 54% to $30.0 million from $64.8 million in 1H08 on a year on year basis and by 50% to $18.8 million from $37.8 million in 2Q08 on a quarter on quarter basis. The decrease was due to weak demand for electronics products as a result of deep global economic slowdown and reduced consumer spending.

PCB Operations

Revenue from PCB operations decreased by 45% to $23.0 million from $42.1 million in 1H08 on a year on year basis and decreased by 44% to $14.5 million from $25.7 million on a quarter by quarter basis. Revenue from PCB operations accounted for 77% of Group revenue.

Drilling and Routing

Revenue from mechanical drilling and routing services decreased by 56% to $4.3 million from $9.8 million in 1H08 on a year on year basis and decreased by 48% to $2.7 million from $5.2 million in 2Q08 on a quarter by quarter basis. Revenue from laser drilling services decreased by 78% to $2.8 million from $12.9 million in 1H08 on a year on year basis and decreased by 78% to $1.5 million from $6.9 million in 2Q08 on a quarter by quarter basis.

Geographical Markets

China operations remained key contributor to Group's revenue at 94% compared to 84% in 1H08 as weak demand in Taiwan continue from 1Q09. For the six months ended 30 June, revenue from China operations decreased by 48% to $28.4 million from $54.5 million in 1H08 while revenue for laser drilling in Taiwan decreased by 84% to $1.7 million compared to $10.3 million in the previous year.

Profitability

Gross Profit

Gross Profit is affected by cost of sales, which decreased by 39% to $33.5 million from $54.6 million in 1H08 on a year on year basis. The lower cost of sales was due mainly to less direct materials costs used for production offset by high fixed costs including depreciation for machineries and equipment.

Gross margin dropped to negative 11.5% in 1H09 as compared to 15.7% in the corresponding period last year. On a quarter on quarter basis, gross margin dropped to negative 2.4% as compared to 16.6% in 2Q08. This is mainly due to :
(i) Decrease in sales for drilling which has higher margins.
(ii) Offset by increase in OEM sales from PCB operations.

Administrative expenses were higher than 2Q08 by 31% from $2.4 million to $3.2 million. The increase was mainly due to :
(i) Additional allowance for doubtful receivables of $0.9 million.
(ii) Offsetted by the CEO, executive director and CFO have voluntarily taken a pay cut of 20% each with effect from 1 May 2009. Previously, starting from 1 October 2008 until 28 February 2009, pay cut of 84%, 54% and 50% was taken respectively. This was revised to 52%, 37% and 35% from 1 March 2009 to 30 April 2009 respectively.
(iii) Senior personnel have also taken a pay cut of 20% since 1 November 2008.

Distribution costs comprise mainly sales commission payable to sales representatives in processing sales for PCB manufacturing and related delivery costs. Distribution costs decreased by 44% to $0.7 million from $1.3 million in 2Q08 as a result of lower sales.

Other expense in 2Q09 was mainly due to exchange loss as a result of appreciation of USD and JPY against RMB.

Finance costs decreased by 11% to $1.0 million in 2Q09 from $1.1 million in 2Q08. This was due mainly to the repayment of bank borrowings and lower interest rates.

Balance Sheet

The Group's cash and bank balances decreased to $15.2 million from $23.2 million in FY08. Pledged bank deposits increased from $1.0 million in FY08 to $3.2 million due to renewal of one bank loan in 2Q09 and placement of fixed deposit for waiver of breach of financial covenant in two of our China subsidiaries.

Trade receivables decreased by $10.4 million due to collections from weak sales since 4Q08 and allowance for doubtful receivables of $0.9 million in 2Q09.

Trade payables decreased by $5.5 million due to corresponding decline in sales. On the other hand, other payables increased by $1.6 million due to refundable deposit from customer when future order is received.

Total borrowings have also reduced to $66.2 million in 2Q09 compared with $75.7 million in FY08. This is mainly because the Group has made some repayments of bank loans, finance leases and notes payable. Net gearing ratio decreased to 0.44x compared with 0.49x in FY08.

The Group's net current liabilities position increased from $26.8 million in FY08 to $32.5 million in 2Q09, mainly due to decrease in trade receivables as a result of lower sales and increase in repayments of borrowings in 2Q09 which is partially offsetted by decrease in trade payables. Current ratio stood at 0.61 for 2Q09.

The Group's current ratio (current assets/current liabilities) and debt/equity ratio are 0.61 and 1.2 respectively. The Group's equity (net assets) stands at $75.2 million, decreasing from $84.9 million as at beginning of the year. In the event where bank loans/facilities are not available or withdrawn the Group will face serious cashflow difficulties. The management of the Group has therefore continue to place the financial and cash management of the group as a top priority.

Cash Flow

Cash Flow from operating activities was $4.7 million for the six months 2Q09 compared to $16.7 million in 2Q08, mainly due to net loss and decrease in collections from trade receivables.

Cash Flow used in investing activities was $1.1 million in 2Q09 due to purchase of 5 sets of Automatic Optical Inspection machines for use in PCB operations. Cash flow used in 2Q08 was mainly due to purchase of property at Shanghai Zhuo Kai and Shanghai Eu Ya.

Cash Flow used in financing activities was $11.8 million in 1H09, mainly due to repayment of borrowings in 1Q09 offset by increase in pledged bank deposits of $2.2 million and increase in personal interest-free loan from the CEO to the Group.

Cash and cash equivalents stood at $15.2 million as at 30 June 2009 and is comparable to 30 June 2008 of $17.8 million.

Financial & Credit Development
As reported previously for year ended FY2008, the Group was in breach of certain financial covenants on the outstanding long-term loans and the long-term loans were reclassified as short-term loan. As at 2Q09, the Group remained in breach and these outstanding loans totalled $6.1 million. The Group has been fulfilling its repayment obligations in relation to these outstanding loans and the relevant banks were aware of the breaches. To date, nothing has come to our attention that these banks will demand immediate repayment.

At the same time the Group is currently taking steps to improve its liquidity position, which includes adopting cost-cutting measures and evaluating alternative sources of financing. Management believes that the Group has adequate resources to continue in its operations for the foreseeable future.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement was disclosed to shareholders previously.

10. A commentary at the date of announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

For electronics industry, demand is generally higher in the second half of the year. However, in view of the global financial crisis, the management foresees demand in this coming 3Q09 may be lower than previous year.

Financial and Credit Risk
The continuing credit tightness remained a risk to our Group. In particular, in view of the substantial losses incurred in 1H09 and the poor business prospect discussed above, the Board thinks it is appropriate to upgrade its caution to shareholders and investors that the ability of the Group to remain as a going concern is uncertain as it will continue to depend heavily on its continued ability to rely on banking loans and facilities in the foreseeable future.

11. Dividend

11(a) Any dividend declared for the current financial period reported on?

None

11(b) Any dividend declared for the corresponding period of the immediately preceding financial

None

11(c) Date payable

Not applicable

11(d) Books closure date

Not applicable

12. If no dividend has been declared/ recommended, a statement to that effect.

No dividend has been declared for the second quarter ended 30 June 2009.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by business or geographical segments.

Not applicable

15. A breakdown of sales as follows:

Not applicable

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Not applicable

17. **Interested party transactions**

Name of interested person	**Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)**
Loan guarantees provided by Mr Wen Yao-Long, Mr Wen Yao-Chou, Ms Chan Hui-Chung to various financial institutions to secure credit facilities for the Group	Total facilities granted as at 30.6.2009: S$62.5 million Amount outstanding as at 30.6.2009: S$24.0 million	-
Loan from Sunny Worldwide Int'l (Amount outstanding as at 30.06.2009 is S$6.4 million)	Interest for the 6 months ended 30.06.2009: S$0.1 million	-

BY ORDER OF THE BOARD

Wen Yao-Long
Executive Chairman & CEO
4 August 2009

RULE 705(4) – NEGATIVE ASSURANCE

Confirmation by the Board of Directors

Pursuant to Rule 705(4) of the SGX-ST Listing Manual, we, Wen Yao-Long and Ong Sim Ho, being two Directors of Eucon Holding Limited (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Group's unaudited interim financial statements for the 2nd Quarter ended 30 June 2009 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

WEN YAO-LONG
Director

ONG SIM HO
Director

Singapore, 4 August 2009